

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: EFIN, IR

SUBJECT: IRAN'S SURPLUS PROPERTY DEBT

REF: TEHRAN 3993

1. STATE AND TREASURY HAVE REVIEWED IRANIAN SURPLUS PROPERTY DEBT AS WELL AS GOI'S CLAIM FOR RAILWAY DAMAGES IN LIGHT OF TEHRAN REFTEL. WHILE WE DO NOT CONCEDE THAT GOI HAS ESTABLISHED ITS CLAIM UNDER THE TRIPARTITE AGREEMENT AND THE 1942 DRAFT AGREEMENT, WE AGREE WITH EMBASSY THAT USG SHOULD BE PREPARED TO ADDRESS GOI'S CLAIM WITH REASONABLE FLEXIBILITY, MINDFUL OF STATUTORY REQUIREMENTS AND CONGRESSIONAL CONCERNS.

2. AS POSSIBLE NEXT STEP, L/NEA ATTORNEY-ADVISER T. MICHAEL PEAY IS PREPARED, SUBJECT TO POST CONCURRENCE,
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TO VISIT TEHRAN SOMETIME LATER THIS MONTH FOR DISCUSSIONS WITH EMBASSY AND APPROPRIATE GOI OFFICIALS, WHILE HE IS TRAVELING IN THE AREA ON OTHER BUSINESS.

3. IF EMBASSY CONCURS, WE BELIEVE IT WOULD BE USEFUL, AS PRELUDE TO VISIT, TO INITIATE DISCUSSIONS AT APPROPRIATE LEVEL OF GOI. THIS WOULD ALLOW EMBASSY TO AGAIN REQUEST

PAYMENT OF DEBT OWED USG AND BRIEF IRANIANS ON PEAY'S VISIT

AT YOUR DISCRETION, YOU MAY ALSO WISH TO RAISE SUBJECT OF IRANIAN RAILWAY CLAIM AND YOU SHOULD NOTE THAT PEAY WOULD BE PREPARED TO DISCUSS THIS WITH GOI OFFICIALS.

FYI - BASICALLY, OUR VIEW AT THIS TIME IS THAT IRANIAN DAMAGE CLAIM REPRESENTS SIMPLE DEPRECIATION SCHEDULE FOR ROLLING STOCK, TRACK AND RELATED FACILITIES. WITHOUT CONCRETE EXAMPLES OF DAMAGE AND OTHER CLEAR AND CONVINCING EVIDENCE SUPPORTIVE OF IRANIAN CLAIM, IT IS DIFFICULT TO ASCERTAIN ACTUAL NATURE OF U.S. RESPONSIBILITY FOR QUOTE WAR-RELATED DAMAGE UNQUOTE TO GOI RAILWAYS. END FYI TO HELP US GET BETTER UNDERSTANDING OF IRANIAN POSITION, REQUEST GOI MAKE AVAILABLE INFORMATION ON FOLLOWING POINTS: (A) IN SPECIFIC TERMS, HOW IT DEFINES QUOTE DAMAGE UNQUOTE IN RELATION TO ITS CLAIM AGAINST THE U.S.; (B) HOW IT DISTINGUISHES QUOTE WAR-RELATED DAMAGE UNQUOTE FROM OTHER DAMAGE AND DEPRECIATION INCURRED BY THE RAILROADS (E.G., IN THE U.S., FREIGHT CHARGES INCLUDE DEPRECIATION, SO FURTHER PAYMENT OF DEPRECIATION WOULD AMOUNT TO DOUBLE-PAYMENT); (C) WHAT SPECIFIC AND COMPETENT DOCUMENTATION IT RELIES UPON IN COMPUTING THE AMOUNT OF DAMAGE INCURRED; (D) A DETAILED EXPLANATION OF ITS METHOD OF VALUATION IN COMPUTING THE DOLLARS 172 MILLION DAMAGE TOTAL; (E) ANY OTHER INFORMATION OR DOCUMENTATION THAT WOULD ELUCIDATE THE EXTENT AND SPECIFIC CHARACTER OF ITS DAMAGE CLAIM. VANCE LIMITED OFFICIAL USE

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